

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>TOWNSHIP OF ALAIEDON</b>	County <b>INGHAM</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>10/11/04</b>	Date Accountant Report Submitted to State: <b>2/14/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input type="checkbox"/> No            | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>LAYTON &amp; RICHARDSON, P.C.</b>			
Street Address <b>1000 COOLIDGE RD</b>		City <b>EAST LANSING</b>	State <b>MI</b>
		ZIP <b>48823</b>	
Accountant Signature <i>Brenda L. Sellman CPA</i>			Date <b>2/14/05</b>

TOWNSHIP OF ALAIEDON, MICHIGAN

INGHAM COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004

AND

INDEPENDENT AUDITORS' REPORT

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## INDEPENDENT AUDITORS' REPORT

Township Board  
Township of Alaiedon  
Mason, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Alaiedon, Michigan as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Alaiedon, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, except for the departures described above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Alaiedon, Michigan as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, the Township of Alaiedon, Michigan adopted the provision of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments Omnibus*.

The management's discussion and analysis and the required supplementary information on pages 3 through 7 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Alaiedon, Michigan's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Township of Alaiedon, Michigan. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2004 on our consideration of the Township of Alaiedon, Michigan's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

*Layton & Richardson, P.C.*

*Certified Public Accountants*

East Lansing, Michigan  
October 11, 2004

**ALAIEDON TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF 2004 ANNUAL AUDIT REPORT**

**I. Using This Report.**

This annual audit report consists of a series of financial statements. The Statement of Net Assets provides financial information about the activities of the Township as a whole and presents a long-term view of the Township's finances. Fund financial statements tell how the services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

• **Governmental Funds** – Most of the Township's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation statement presented with the fund financial statements.

• **Proprietary Funds** – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary Fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the propriety fund statement of net assets to the business-type column on the government-wide statement of net assets, the total net assets and liabilities agree.

• **Fiduciary Funds** – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

• **Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided, and are an integral part of the government-wide and fund financial statements.

• **Other Information** – In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning budgetary comparisons of the General Fund. The combining statements in connection with non-major governmental funds are presented immediately following the notes to financial statements.

**II. The Township as a Whole.**

The Township's combined net assets increased \$514,498, representing an 8.2% increase from last year. Because of the different structure of the audit between this year and last year, it is difficult to make a comparison of where the Township has come from. The General Fund balance was \$745,180. Interest income is down from last year, but the Township believes this is basically due to the reduction in general overall interest rates. On the expenditure side, public safety expenses were up by \$14,000 and expenditures on public works were up approximately \$60,000. The continuing expenses in public works reflects the continued infrastructure improvements for water and road and drainage systems in the Fountain Pointe development north of I-96. The table below shows the statement of net assets for the Township in the new accounting format for the year ended June 30, 2004.

TOWNSHIP OF ALAIEDON  
STATEMENT OF NET ASSETS

June 30, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash	\$ 1,108,443	\$ 359,304	\$ 1,467,747
Investments	169,069		169,069
Receivables			
Special assessments	1,296,678	1,395,856	2,692,534
Due from			
Other funds	1,010		1,010
State	34,704		34,704
Fixed assets (net of accumulated depreciation)	<u>452,817</u>	<u>1,951,042</u>	<u>2,403,859</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,062,721</u></b>	<b>\$ <u>3,706,202</u></b>	<b>\$ <u>6,768,923</u></b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 13,918	\$	\$ 13,918
Payroll and Payroll Taxes	2,589		2,589
Due from			
Other funds	1,000		1,000
Accrued interest	11,597	20,261	31,858
Bonds and notes payable	95,000		95,000
Deposits payable	3,000		3,000
Lease payable		100,000	100,000
Noncurrent liabilities			
Bonds and notes payable	1,520,000		1,520,000
Lease payable		1,680,000	1,680,000
Accrued sick and vacation pay	<u>2,007</u>	<u></u>	<u>2,007</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>1,649,111</u></b>	<b>\$ <u>1,800,261</u></b>	<b>\$ <u>3,449,372</u></b>
<b>NET ASSETS</b>			
Invested in capital assets			
net of related debt	\$ 452,817	\$ 171,042	\$ 623,859
Restricted for			
Bond ad interest redemption	388,600		388,600
Capital projects	151,429		151,429
Debt Services		1,734,899	1,734,899
Unrestricted	<u>420,764</u>	<u></u>	<u>420,764</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>1,413,610</u></b>	<b>\$ <u>1,905,941</u></b>	<b>\$ <u>3,319,551</u></b>



Unrestricted net assets - the part of net assets that can be used to finance day to day operations, are \$420,764. This current level of unrestricted net assets for our governmental activities represents 49% of expenditures.

The following table shows the Changes in Net Assets for the year ended June 30, 2004.

### Township of Alaiedon's Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Revenue			
Program revenue			
Charges for services	\$ 89,464	\$	\$ 89,464
General revenue			
Property taxes	234,251		234,251
Sales Tax	222,384		222,384
Interest on Special Assessments	90,673	85,680	176,353
Miscellaneous	44,297		44,297
Unrestricted investment earnings	<u>14,860</u>	<u>3,562</u>	<u>18,422</u>
Total revenues	<u>695,929</u>	<u>89,242</u>	<u>785,171</u>
Program Expenses			
General government	223,918		223,918
Public safety	113,833		113,833
Public works	357,489		357,489
Other	53,560		53,560
Depreciation	32,680		32,680
Interest on long-term debt	73,722		73,722
Water and sewer	<u>          </u>	<u>127,141</u>	<u>127,141</u>
Total program expenses	<u>855,202</u>	<u>127,141</u>	<u>982,343</u>
Increase in net assets (decrease)	(159,273)	(37,899)	(197,172)
Net assets – July 1	<u>1,572,883</u>	<u>466,062</u>	<u>2,038,945</u>
Prior period adjustment	<u>          </u>	<u>1,477,778</u>	<u>1,477,778</u>
Net assets – June 30	<u>\$ 1,413,610</u>	<u>\$ 1,905,941</u>	<u>\$ 3,319,551</u>

The Township's net assets continue to remain healthy. Actual revenues grew more than \$113,000 in excess of what was originally anticipated in the budget. Further, excessive revenues over expenditures increased by \$116,269, so that the General Fund balance, as of June 30, 2004, was at \$745,180, \$263,080 more than what was anticipated when setting the budget at the beginning of the fiscal year.

#### IV. **Governmental Activities.**

The Township's total governmental revenues for the General Fund were \$601,159. There were significant increases in many of the revenue areas of the Township. Property tax revenues were \$29,000 higher than anticipated, and charges for services (i.e., administrative fees, fire run collections, and cemetery lot sales) accounted for an increase of over \$25,000 from what was anticipated when the budget was set.

On the expenditure side, expenditures were significantly less in certain areas, specifically in cemetery costs, which were approximately \$94,000 less than had been budgeted. In addition, office costs were almost \$27,000 less than budgeted, which two components made up the greatest portion of the favorable variance between the final budgeted amounts and the actual expenditures in the amount of \$150,071.

#### V. **Business Type Activities.**

The Township's business type activities consist of the installation of water mains and sewer lines primarily within that portion of the property north of I-96 and west of Okemos Road in the northwest quadrant of the Township. With agreements with the Board of Water & Light for water and the City of Lansing for sewer, the Township has contracted that a certain number of parcels, principally commercial, shall receive water and sewer services. The Township also has an agreement with Meridian Township for the provision of water and sewer services to a small portion of commercial property to the east of Okemos Road and also north of I-96. Except for an administrative fee for the issuance of permits within the Meridian Township district, the Township derives no income from these funds.

Consequently, the financial activity set forth in these funds represents the payment of construction costs for the construction of the public infrastructure and the payment of the bonds, reflected as expenditures, and the collection of special assessments against the unimproved properties, within the various districts, reflecting revenues to the Township.

#### VI. **Township Funds.**

The analysis of the Township's major funds begins on page 14, showing the combined balance sheet for all fund types and account groups within the Township. Fund financial statements provide detailed information about the most significant funds, not the township as a whole. The Township Board has created funds to help manage money as required by law. These separate funds also assist in showing accountability for certain activities. The Township's major funds for 2004 include the General Fund, the H & H Water Assessment Bonds, and Fountain Pointe Assessment Bonds.

The General Fund pays for most of the Township's governmental services. The largest expenses are the office expenses, which provide the general accounting and clerical support for the Township activities. After Office Expenses, Building and Grounds, Assessing, and Cemetery Expenses represent the greatest expenditures from the General Fund for general services.

#### VII. **Capital Assets and Debt Administration.**

The capital assets as reflected in the report show fixed assets acquired by the Township. The capital assets of land, land improvements, and buildings and furniture and fixtures, principally describes the Township Hall and the land on which it is located, the Township cemeteries and the equipment used to maintain the cemeteries, the Township vehicles principally used for the maintenance of the Township grounds and cemeteries, and certain unimproved land owned by the Township. The remaining fixed assets are a water system and sewer system installed in the northwest quadrant of the Township. Those infrastructure assets now provide water and sewer services for the principally commercial development north of I-96 and west of Okemos Road.

The only bonded indebtedness of the Township relates to the special assessment bonds (described more fully below) for the payment of the infrastructure improvements in the northwest quadrant. Bonds have been sold which financed the sanitary sewer, water, and road and storm sewer projects. Each series of bonds (sanitary sewer bonds, water bonds, and road and storm sewer bonds) are accounted for separately but their combined totals are reflected as the overall indebtedness of the Township. Except for those special assessment bonds, there are no other general obligation bonds or revenue bonds issued by the Township.

At the end of fiscal year 2003/2004, the Township had approximately \$2,851,630 invested in land, land improvements, buildings, water and sewer lines, vehicles and equipment. See Note 4 to the basic financial statements for additional information.

Debt reported in Note 7 to these financial statements is related to the Special Assessment bonds. Special Assessment bonds are carried by the Township to finance the property owner portion of the sanitary sewer, water and road and storm sewer improvement projects. The assessments are paid back to the Township with sufficient interest to cover the bond interest rate and administrative costs. As described in Note 11, the Township has a lease agreement with the County of Ingham for construction a sanitary sewer system. The County sold bonds for this project and the Township is paying back the County for the principal and interest of these bonds. On the remaining water and road and storm drain projects, the Township sold the bonds directly and not through the County

#### VIII. **General Fund Budgetary Highlights.**

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant change was the increase in revenues, representing an increase in property tax collections, the increase in building permit revenues, and a significant increase in the charge for services provided for the Township. In addition, all of the Township departments stayed below budget representing a substantial improvement in the fund balance from what had been anticipated at the beginning of the fiscal year.

## GENERAL PURPOSE FINANCIAL STATEMENTS

The general purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**STATEMENT OF NET ASSETS**

JUNE 30, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash	\$ 1,108,443	\$ 359,304	\$ 1,467,747
Investments	169,069		169,069
Receivables			
Special assessments	1,296,678	1,395,856	2,692,534
Due from			
Other funds	1,010		1,010
State	34,704		34,704
Fixed assets (net of accumulated depreciation)	<u>452,817</u>	<u>1,951,042</u>	<u>2,403,859</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,062,721</u></u>	<u><u>\$ 3,706,202</u></u>	<u><u>\$ 6,768,923</u></u>
<b>LIABILITIES</b>			
Current liabilities			
Payables			
Accounts	\$ 13,918	\$	\$ 13,918
Payroll and payroll taxes	2,589		2,589
Due to			
Other funds	1,000		1,000
Accrued interest	11,597	20,261	31,858
Bonds and notes payable	95,000		95,000
Deposits payable	3,000		3,000
Lease payable		100,000	100,000
Noncurrent liabilities			
Bonds and notes payable	1,520,000		1,520,000
Lease payable		1,680,000	1,680,000
Accrued sick and vacation pay	<u>2,007</u>		<u>2,007</u>
<b>TOTAL LIABILITIES</b>	<u>1,649,111</u>	<u>1,800,261</u>	<u>3,449,372</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	452,817	171,042	623,859
Restricted for			
Bond and interest redemption	388,600		388,600
Capital projects	151,429		151,429
Debt service		1,734,899	1,734,899
Unrestricted	<u>420,764</u>		<u>420,764</u>
<b>TOTAL NET ASSETS</b>	<u>1,413,610</u>	<u>1,905,941</u>	<u>3,319,551</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,062,721</u></u>	<u><u>\$ 3,706,202</u></u>	<u><u>\$ 6,768,923</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2004**

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
<b>FUNCTIONS/PROGRAMS</b>			
Primary Government			
Governmental Activities			
General government	\$ 223,918	\$ 43,373	\$
Public safety	113,833	46,091	
Public works	357,489		
Other	53,560		
Depreciation	32,680		
Interest on long-term debt	73,722		
Total Governmental Activities	<u>855,202</u>	<u>89,464</u>	
Business-Type Activities			
Water and Sewer Special Assessment	<u>127,141</u>		
Total Primary Government	<u>\$ 982,343</u>	<u>\$ 89,464</u>	<u>\$</u>
General Revenues			
Property taxes levied for general purposes			
Sales taxes			
Interest on special assessments			
Miscellaneous			
Unrestricted investment earnings			
Total General Revenues and Transfers			
Change in Net Assets			
Net Assets, July 1			
Prior period adjustment			
Net Assets, June 30			

See accompanying notes to financial statements.

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
\$	\$ (180,545)	\$	\$ (180,545)
	(67,742)		(67,742)
	(357,489)		(357,489)
	(53,560)		(53,560)
	(32,680)		(32,680)
	(73,722)		(73,722)
	(765,738)		(765,738)
		(127,141)	(127,141)
\$	(765,738)	(127,141)	(892,879)
	234,251		234,251
	222,384		222,384
	90,673	85,680	176,353
	44,297		44,297
	14,860	3,562	18,422
	606,465	89,242	695,707
	(159,273)	(37,899)	(197,172)
	1,572,883	466,062	2,038,945
		1,477,778	1,477,778
	\$ 1,413,610	\$ 1,905,941	\$ 3,319,551

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

JUNE 30, 2004

**ASSETS**

	GENERAL	H & H WATER ASSESSMENT BONDS
ASSETS		
Cash	\$ 556,904	\$ 123,426
Investments	169,069	
Receivables		
Special assessments		575,199
Due from		
Other funds	1,010	
State	<u>34,704</u>	
TOTAL ASSETS	\$ <u><u>761,687</u></u>	\$ <u><u>698,625</u></u>

**LIABILITIES AND FUND EQUITY**

LIABILITIES		
Payables		
Accounts	\$ 13,918	\$
Payroll and payroll taxes	2,589	
Due to other funds		
Deposits payable		
Deferred revenue		<u>575,199</u>
TOTAL LIABILITIES	<u>16,507</u>	<u>575,199</u>
FUND BALANCE		
Reserved for building department	28,677	
Reserved for debt service		123,426
Unreserved, reported in		
General fund	716,503	
Special revenue fund		
Capital projects funds		
TOTAL FUND BALANCE	<u>745,180</u>	<u>123,426</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>761,687</u></u>	\$ <u><u>698,625</u></u>

See accompanying notes to financial statements.



FOUNTAIN POINTE ASSESSMENT BONDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 246,832	\$ 181,281	\$ 1,108,443
		169,069
714,638	6,841	1,296,678
		1,010
		34,704
<u>\$ 961,470</u>	<u>\$ 188,122</u>	<u>\$ 2,609,904</u>
\$	\$	\$ 13,918
		2,589
	1,000	1,000
	3,000	3,000
<u>714,638</u>	<u>13,273</u>	<u>1,303,110</u>
<u>714,638</u>	<u>17,273</u>	<u>1,323,617</u>
246,832	18,342	28,677
		388,600
		716,503
	1,078	1,078
	151,429	151,429
<u>246,832</u>	<u>170,849</u>	<u>1,286,287</u>
<u>\$ 961,470</u>	<u>\$ 188,122</u>	<u>\$ 2,609,904</u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

Total fund balance-governmental funds		\$	1,286,287
Amounts reported for governmental activities in the statement of net assets are different because Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$855,870 and the accumulated depreciation is \$403,054			452,817
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds Long-term liabilities at year-end consist of:			
Bonds payable	\$	(1,615,000)	
Accrued interest		(11,597)	
Compensated absences		<u>(2,007)</u>	(1,628,604)
Deferred revenue			<u>1,303,110</u>
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>		\$	<u><u>1,413,610</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	GENERAL	H & H WATER ASSESSMENT BONDS
REVENUES		
Taxes and special assessments	\$ 234,251	\$ 137,132
Licenses and permits	35,570	
Intergovernmental	222,384	
Charges for services	53,894	
Interest and rentals	10,763	508
Other revenues	44,297	
TOTAL REVENUES	<u>601,159</u>	<u>137,640</u>
EXPENDITURES		
General government	231,465	
Public safety	113,833	
Public works	86,257	
Debt service		
Principal retirement		30,875
Interest and fiscal charges		
Other	53,335	
TOTAL EXPENDITURES	<u>484,890</u>	<u>30,875</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	116,269	106,765
FUND BALANCE, JULY 1	<u>628,911</u>	<u>16,661</u>
FUND BALANCE, JUNE 30	<u>\$ 745,180</u>	<u>\$ 123,426</u>

See accompanying notes to financial statements.

FOUNTAIN POINTE ASSESSMENT BONDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 266,812	\$ 13,632	\$ 651,827
		35,570
		222,384
		53,894
849	2,740	14,860
		44,297
<u>267,661</u>	<u>16,372</u>	<u>1,022,832</u>
		231,465
		113,833
	271,232	357,489
	20,000	20,000
43,109	1,489	75,473
225		53,560
<u>43,334</u>	<u>292,721</u>	<u>851,820</u>
224,327	(276,349)	171,012
22,505	447,198	1,115,275
<u>\$ 246,832</u>	<u>\$ 170,849</u>	<u>\$ 1,286,287</u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

Net changes in fund balance-total governmental funds	\$ 171,012
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	7,320
Less: current year depreciation	(32,680)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(326,903)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	
Accrued interest	1,750
Principal payments	20,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in long-term compensated absences	228
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>(159,273)</u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Taxes				
Property taxes	\$ 205,150	\$ 205,150	\$ 234,251	\$ 29,101
Licenses and Permits				
Permits	23,500	23,500	35,570	12,070
Intergovernmental				
Sales tax	210,000	210,000	222,384	12,384
Charges for Services				
Administrative fees	13,000	13,000	14,271	1,271
Trash collections	3,000	3,000	3,858	858
Fire run collections	5,000	5,000	19,850	14,850
Cemetery lot sales	7,000	7,000	15,915	8,915
Total Charges for Services	28,000	28,000	53,894	25,894
Other Revenues				
Interest on investments	10,000	10,000	10,763	763
Special assessments	11,000	11,000	10,539	(461)
Refunds and reimbursements			33,177	33,177
Sale of assets				
Miscellaneous	500	500	581	81
Total Other Revenues	21,500	21,500	55,060	33,560
TOTAL REVENUES	488,150	488,150	601,159	113,009

See accompanying notes to financial statements.

# TOWNSHIP OF ALAIEDON, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - Concluded

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
EXPENDITURES				
General Government				
Supervisor	\$ 15,610	\$ 16,060	\$ 16,051	\$ 9
Trustee	6,000	6,000	4,911	1,089
Elections	6,400	6,400	2,599	3,801
Assessing	24,700	24,700	25,900	(1,200)
Clerk	12,560	12,560	12,420	140
Treasurer	8,440	8,440	8,290	150
Building and grounds	43,200	43,430	32,017	11,413
Cemetery	116,700	117,573	23,922	93,651
Office	130,100	131,400	104,605	26,795
Board of Review	1,500	1,500	750	750
Total General Government	365,210	368,063	231,465	136,598
Public Safety				
Building inspections	24,100	31,964	28,348	3,616
Planning commission	10,000	10,000	1,930	8,070
Board of appeals	1,300	1,760	1,460	300
Fire prevention	75,000	77,898	82,095	(4,197)
Total Public Safety	110,400	121,622	113,833	7,789
Public Works				
Public Services	81,000	90,759	86,257	4,502
Other Functions				
Township share of pension	4,700	4,700	4,511	189
Township share of FICA	11,500	11,500	11,173	327
Insurance-liability and bonding	12,000	13,538	13,538	
Insurance-health	21,000	21,000	20,908	92
Workers' compensation	3,500	3,500	2,926	574
Miscellaneous		279	279	
Total Other Functions	52,700	54,517	53,335	1,182
TOTAL EXPENDITURES	609,310	634,961	484,890	150,071
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(121,160)	(146,811)	116,269	263,080
FUND BALANCE, JULY 1	628,911	628,911	628,911	
FUND BALANCE, JUNE 30	\$ 507,751	\$ 482,100	\$ 745,180	\$ 263,080

See accompanying notes to financial statements.

TOWNSHIP OF ALAIEDON, MICHIGAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
BUSINESS-TYPE ACTIVITIES  
ENTERPRISE FUNDS  
WATER AND SEWER SPECIAL ASSESSMENT  
JUNE 30, 2004

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 359,304
Special assessment receivable-current	<u>82,109</u>
TOTAL CURRENT ASSETS	<u>441,413</u>
PROPERTY, PLANT AND EQUIPMENT	
Utility mains	2,001,069
Less: accumulated depreciation	<u>50,027</u>
NET PROPERTY, PLANT AND EQUIPMENT	<u>1,951,042</u>
OTHER ASSETS	
Special assessment receivable	<u>1,313,747</u>
TOTAL ASSETS	<u>\$ 3,706,202</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accrued interest payable	\$ 20,261
Lease payable	<u>100,000</u>
TOTAL CURRENT LIABILITIES	<u>120,261</u>
LONG-TERM LIABILITIES	
Lease payable	<u>1,680,000</u>
TOTAL LIABILITIES	<u>1,800,261</u>
CONTRIBUTED CAPITAL	
Municipality	<u>309,305</u>
NET ASSETS	
Invested in capital assets, net of related debt	171,043
Reserved for debt service	<u>1,425,593</u>
TOTAL NET ASSETS	<u>1,596,636</u>
TOTAL NET ASSETS AND CONTRIBUTED CAPITAL	<u>1,905,941</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,706,202</u>

See accompanying notes to financial statements.



**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**BUSINESS-TYPE ACTIVITIES**  
**ENTERPRISE FUNDS**  
**WATER AND SEWER SPECIAL ASSESSMENT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING EXPENSES	
Depreciation	\$ 40,021
Miscellaneous	2,625
	<hr/>
TOTAL OPERATING EXPENSES	42,646
	<hr/>
OPERATING LOSS	(42,646)
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Interest received on special assessments	85,680
Interest earned	3,562
Interest expense	(84,495)
	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	4,747
	<hr/>
NET LOSS	(37,899)
	<hr/>
PRIOR PERIOD ADJUSTMENT	1,477,778
	<hr/>
NET ASSETS, JULY 1	156,757
	<hr/>
NET ASSETS, JUNE 30	\$ 1,596,636
	<hr/>

See accompanying notes to financial statements.

TOWNSHIP OF ALAIEDON, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
BUSINESS-TYPE ACTIVITIES  
ENTERPRISE FUNDS  
WATER AND SEWER SPECIAL ASSESSMENT  
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 82,109
Cash payment for goods and services	<u>(3,620)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>78,489</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments	(100,000)
Interest and fiscal charges paid	<u>(84,495)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(184,495)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on special assessments	85,680
Interest received on investments	<u>3,562</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>89,242</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,764)
CASH AND CASH EQUIVALENTS, JULY 1	<u>376,068</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 359,304</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
 STATEMENT OF CASH FLOWS - Concluded  
 PROPRIETARY FUNDS  
 BUSINESS-TYPE ACTIVITIES  
 ENTERPRISE FUNDS  
 WATER AND SEWER SPECIAL ASSESSMENT  
 FOR THE YEAR ENDED JUNE 30, 2004

RECONCILIATION OF OPERATING  
 INCOME TO NET CASH PROVIDED  
 BY OPERATING ACTIVITIES

Operating loss	\$ (42,646)
Prior period adjustment	1,477,778
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	40,021
(Increase) decrease in special receivable	(1,395,856)
Increase (decrease) in accounts payable	(21,069)
Increase (decrease) in accrued expenses	<u>20,261</u>
Total adjustments	<u>(1,356,643)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 78,489</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2004**

	TRUST AND AGENCY	CURRENT TAX	TOTAL FIDUCIARY FUNDS
ASSETS			
Cash	\$ <u>10</u>	\$ <u></u>	\$ <u>10</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Deposit payable	\$ <u>10</u>	\$ <u></u>	\$ <u>10</u>
Due to other funds	<u>10</u>	<u></u>	<u>10</u>
TOTAL LIABILITIES	<u>10</u>	<u></u>	<u>10</u>
FUND BALANCE			
Unreserved-undesignated	<u></u>	<u></u>	<u></u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>10</u>	\$ <u></u>	\$ <u>10</u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<b>TRUST AND AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>10</u>	\$ <u>78,700</u>	\$ <u>78,700</u>	\$ <u>10</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 10	\$ 69,772	\$ 69,772	\$ 10
Due to others		<u>101,772</u>	<u>101,772</u>	
TOTAL LIABILITIES	\$ <u>10</u>	\$ <u>171,544</u>	\$ <u>171,544</u>	\$ <u>10</u>
<b>CURRENT TAX</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>10</u>	\$ <u>7,169,510</u>	\$ <u>7,169,520</u>	\$ <u></u>
<b>LIABILITIES</b>				
Due to other funds	\$ 8	\$ 331,952	\$ 331,960	\$
Due to County	2	2,525,329	2,525,331	
Due to community college		627,358	627,358	
Due to schools		2,434,635	2,434,635	
Due to others		18,542	18,542	
Due to I.S.D.		<u>985,588</u>	<u>985,588</u>	
TOTAL LIABILITIES	\$ <u>10</u>	\$ <u>6,923,404</u>	\$ <u>6,923,414</u>	\$ <u></u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>20</u>	\$ <u>7,248,210</u>	\$ <u>7,248,220</u>	\$ <u>10</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 18	\$ 401,724	\$ 401,732	\$ 10
Due to County	2	2,525,329	2,525,331	
Due to community college		627,358	627,358	
Due to schools		2,434,635	2,434,635	
Due to other		120,314	120,314	
Due to I.S.D.		<u>985,588</u>	<u>985,588</u>	
TOTAL LIABILITIES	\$ <u>20</u>	\$ <u>7,094,948</u>	\$ <u>7,094,958</u>	\$ <u>10</u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2004

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash	\$ 4,078	\$ 24,774	\$ 152,429	\$ 181,281
Receivables				
Special assessments		6,841		6,841
<b>TOTAL ASSETS</b>	<u>\$ 4,078</u>	<u>\$ 31,615</u>	<u>\$ 152,429</u>	<u>\$ 188,122</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Due to other funds	\$	\$	\$ 1,000	\$ 1,000
Deposit payable	3,000			3,000
Deferred revenue		13,273		13,273
<b>TOTAL LIABILITIES</b>	<u>3,000</u>	<u>13,273</u>	<u>1,000</u>	<u>17,273</u>
<b>FUND BALANCE</b>				
Undesignated	1,078			1,078
Reserved for capital projects			151,429	151,429
Reserved for debt service		18,342		18,342
<b>TOTAL FUND BALANCE</b>	<u>1,078</u>	<u>18,342</u>	<u>151,429</u>	<u>170,849</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 4,078</u>	<u>\$ 31,615</u>	<u>\$ 152,429</u>	<u>\$ 188,122</u>

See accompanying notes to financial statements.

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2004**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes and special assessments	\$	\$ 13,632	\$	\$ 13,632
Interest and rentals	34	330	2,376	2,740
TOTAL REVENUES	<u>34</u>	<u>13,962</u>	<u>2,376</u>	<u>16,372</u>
EXPENDITURES				
Debt service				
Principal retirement		20,000		20,000
Interest and fiscal charges		1,489		1,489
Other			750	750
Capital outlay			270,482	270,482
TOTAL EXPENDITURES	<u></u>	<u>21,489</u>	<u>271,232</u>	<u>292,721</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	34	(7,527)	(268,856)	(276,349)
FUND BALANCE, JULY 1	<u>1,044</u>	<u>25,869</u>	<u>420,285</u>	<u>447,198</u>
FUND BALANCE, JUNE 30	<u>\$ 1,078</u>	<u>\$ 18,342</u>	<u>\$ 151,429</u>	<u>\$ 170,849</u>

See accompanying notes to financial statements.

# TOWNSHIP OF ALAIEDON, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under an elected Township Board, which consists of five members. The Township provides services to its more than 3,000 residents in many areas including public safety, fire protection, parks and recreation, planning, zoning and general and administrative services.

The accounting policies of the Township of Alaiedon, Michigan, conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

#### A. Reporting Entity

The Township has considered all potential component units in evaluating how to define the Township for financial reporting purposes. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board (GASB), The Financial Reporting Entity. The basic criteria include the appointment of a voting majority of the governing board of the unit, legal separation of the Township, and the component unit, fiscal independence of the unit, whether exclusion of the unit would make the Township's financial statements misleading, and whether there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

The financial entity of the Township of Alaiedon includes all funds and account groups of the Township. The Township has no activities that would be classified as a component unit.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township of Alaiedon and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The primary government of the Township of Alaiedon is reported separately from certain legally separate component units for which the Township of Alaiedon, the primary government, is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.



**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**JUNE 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Government-Wide and Fund Financial Statements - Concluded**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus , Basis of Accounting and Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township of Alaiedon.

The Township of Alaiedon reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The H&H Water Assessment Bond fund is used to account for the resources accumulated and payments made for principal and interest payments on these bonds.

The Fountain Pointe Bond fund is used to account for the resources accumulated and payments made for principal and interest payments on these bonds.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**JUNE 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus , Basis of Accounting and Financial Statements - Concluded**

The Township reports deferred revenue on its governmental funds balance sheet. Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Resources are considered available if they are collected during the current fiscal year or soon enough thereafter to be used in payment of current year liabilities - defined as expected to be received within sixty (60) days of year end.

The Township of Alaiedon reports the following major proprietary funds:

The Water and Sewer Special Assessment fund accounts for the activities and operations of the sewage infrastructure and resources accumulated and payments for principal and interest payments for payments for bonds to the County of Ingham, Michigan.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Cash and Investments**

The Township's cash is considered to be cash on hand, demand deposits, and non-negotiable certificates of deposit with any original maturity of 3 months or less.

All investments are stated at cost or amortized cost.

**E. Receivables**

Receivables have been recognized for all significant amounts due the Township. No allowances have been made for uncollectible amounts, because if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

F. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township of Alaiedon as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvement	10-20 years
Buildings	10-40 years
Machinery and equipment	5-20 years
Vehicles	3-10 years
Utility infrastructure	10-40 years
Furnitures	5-10 years

G. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**JUNE 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

G. Long-Term Liabilities - Concluded

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

H. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Township holds a special meeting to develop the budget for the General Fund for the following fiscal year. Public hearings are conducted to obtain taxpayer comments before the budget is formally adopted.
2. Any revision to the budget must be approved by the Township Board.
3. Budgeted amounts are as originally adopted or amended by the Township Board during the year. Individual amendments were not material in relation to the original appropriations which were amended.
4. All annual appropriations lapse at year end.

I. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Statement of Cash Flows

In the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents.

K. Accounting Change

As of July 1, 2003, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments (Statement). Certain of the significant changes in the statement include the following:

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**JUNE 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded**

**K. Accounting Change - Concluded**

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets reported on the statement of net assets include all applicable assets in the amount of \$478,177, which was previously reported in the General Fixed Assets Account Group.
- Long-Term obligations reported on the statement of net assets include sick and vacation pay of \$1,637,235, which was previously reported in the General Long-Term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

This implementation has also required certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34 based on GASB Statement No. 38. Certain note disclosures have been added and/or amended, including descriptions of activities of major funds and interfund balances and transactions, and various other disclosures.

**NOTE 2: PROPERTY TAXES**

The Township is authorized by State Statute and the Township Charter to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general governmental operating purposes. The combined tax rate to finance governmental services for the year ended June 30, 2004, was .8754 per \$1,000. The total taxable value for the 2003 levy was \$146,002.

Pertinent tax dates are as follows:

Lien date	12/01/03
Levy date	12/01/03
Due date without penalty	02/14/04
Collection date	07/01/03 – 02/28/04

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

**NOTE 3: CASH AND INVESTMENTS**

The captions on the combined balance sheet relating to cash and investments are as follows:

Cash	\$ 1,467,756
Investments	<u>169,069</u>
	<u>\$ 1,636,825</u>

A summary by type are:

Deposits	
Cash in demand accounts	\$ 880,609
Imprest cash	148
Cash in savings accounts/ money market	586,999
Investments	
Certificates of deposit	<u>169,069</u>
	<u>\$ 1,636,825</u>

Deposits

At June 30, 2004 the banks were carrying a cash balance of \$1,478,638 - not including any pooled investment funds. Of this amount, \$395,032 was debt service money and \$1,083,606 was for Township activities other than debt service. These deposit classifications are covered by Federal Depository Insurance as follows:

Non-debt deposits were insured up to \$316,892, leaving a balance of \$1,161,746 uninsured.

Debt service deposits are considered deposits by a trustee of trust funds of which noteholders or bondholders are pro rata beneficiaries and the interest of each holder in the deposit shall be insured up to \$100,000.

Investments

Act 196, P. A. 1997, authorizes the Township to deposit and invest in the following:

- (a) Bonds, securities and other direct obligations of the United States or its agencies.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146).

## TOWNSHIP OF ALAIEDON, MICHIGAN

### NOTE 3: CASH AND INVESTMENTS - Concluded

#### Investments - Concluded

- (c) Bonds, securities and other direct obligations of the United States or its agencies.
- (d) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146).
- (e) Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after the date of purchase.
- (f) Repurchase agreements consisting of instruments listed in subdivision (a).
- (g) Bankers' acceptance of United States banks.
- (h) Obligation of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (i) Certain mutual funds as defined in the Act.

Investments of the Township are in accordance with statutory authority.

There are three levels of risk by which investments are classified. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Township's name.

At June 30, 2004, the Township's investments were classified as follows:

Category 1 (insured)	\$ <u>83,108</u>
Category 2 (uninsured)	\$ <u>85,961</u>

The Township has adopted a formal investment policy, as required by Act 20, P.A. 1943 as amended, that complies with State law.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**JUNE 30, 2004**

**NOTE 4: CAPITAL ASSETS**

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JULY 1	ADDITIONS	DELETIONS	JUNE 30
Capital assets not being depreciated				
Land	\$ <u>108,217</u>	\$ _____	\$ _____	\$ <u>108,217</u>
Capital assets being depreciated				
Buildings	412,135			412,135
Improvements	18,627	1,970		20,597
Machinery and equipment	86,892	5,350	2,012	90,230
Furniture	34,309			34,309
Infrastructure	88,166			88,166
Land improvements	76,767			76,767
Vehicles	<u>25,448</u>	_____	_____	<u>25,448</u>
Total Capital assets being depreciated	<u>742,344</u>	<u>7,320</u>	<u>2,012</u>	<u>747,652</u>
Less: Accumulated depreciation				
Buildings	205,526	5,897		211,423
Improvements	8,456	1,928		10,384
Machinery and equipment	49,463	13,304	2,012	60,755
Furniture	32,394	419		32,813
Infrastructure	41,879	2,204		44,083
Land improvements	16,854	3,838		20,692
Vehicles	<u>17,812</u>	<u>5,090</u>	_____	<u>22,902</u>
Total Accumulated Depreciation	<u>372,384</u>	<u>32,680</u>	<u>2,012</u>	<u>403,052</u>
Total Capital Assets being Depreciated - Net	<u>369,960</u>	( <u>25,360</u> )	_____	<u>344,600</u>
NET CAPITAL ASSETS	\$ <u>478,177</u>	\$ ( <u>25,360</u> )	\$ _____	\$ <u>452,817</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ <u>32,680</u>



**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**JUNE 30, 2004**

**NOTE 4: CAPITAL ASSETS - Concluded**

Capital assets for business-type activities have been summarized as follows:

	JULY 1	ADDITIONS	DELETIONS	JUNE 30
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets being depreciated				
Infrastructure	\$ <u>2,001,069</u>	\$ _____	\$ _____	\$ <u>2,001,069</u>
Total Capital assets being depreciated	<u>2,001,069</u>	_____	_____	<u>2,001,069</u>
Less: Accumulated depreciation				
Infrastructure	<u>10,006</u>	<u>40,021</u>	_____	<u>50,027</u>
Total Accumulated Depreciation	<u>10,006</u>	<u>40,021</u>	_____	<u>50,027</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>\$ <u>1,991,063</u></b>	<b>\$ ( <u>40,021</u> )</b>	<b>\$ _____</b>	<b>\$ <u>1,951,042</u></b>

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
Water and Sewer Special Assessment	\$ <u>40,021</u>

**NOTE 5: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

P.A. 621 of 1978 provides that local units of government shall not incur expenditures in excess of the amounts appropriated in the formal budget document adopted by the Township Board. P.A. 493 of 2002 removed debt service funds as funds requiring a budget. During the year ended June 30, 2004, Alaiedon Township incurred expenditures in excess of appropriations as follows:

	FINAL BUDGET	ACTUAL	UNFAVORABLE VARIANCE
<b>GENERAL FUND</b>			
Assessing			
Salaries	\$ 24,000	\$ 25,900	\$ ( 1,900 )
Fire protection	32,898	40,392	( 7,494 )

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

**NOTE 6: ACCUMULATED UNPAID SICK AND VACATION PAY**

Accumulated sick and vacation pay represents a contingent liability to the Township. Payments to employees for sick and vacation pay will be recorded as expenditures when the sick and vacation time is used and payments are actually made to the employees.

At June 30, 2004, the total accumulated sick and vacation pay was approximately \$2,007.

**NOTE 7: LONG-TERM DEBT**

The following is a summary of debt transactions for the Township for the year ended June 30, 2004.

	BALANCE, JULY 1	ADDITIONS	DEDUCTIONS	BALANCE, JUNE 30	DUE WITHIN ONE YEAR
<b>GENERAL LONG-TERM DEBT</b>					
2004 Special Assessment Water Bonds	\$ 675,000	\$	\$	\$ 675,000	\$ 35,000
2004 Special Assessment Road Bonds	925,000			925,000	45,000
1995 Special Assessment Bond	<u>35,000</u>	<u>          </u>	<u>20,000</u>	<u>15,000</u>	<u>15,000</u>
<b>TOTAL GENERAL LONG-TERM DEBT</b>	<b>\$ <u>1,635,000</u></b>	<b>\$ <u>          </u></b>	<b>\$ <u>20,000</u></b>	<b>\$ <u>1,615,000</u></b>	<b>\$ <u>95,000</u></b>

Significant detail regarding the outstanding long-term debt (including current portion) is presented below:

General Obligation Bonds

\$675,000 - 2004 Special Assessment Water Bonds due in annual installments of \$35,000 to \$40,000 through December 1, 2022; interest at 4.75% \$ 675,000

\$925,000 - 2004 Special Assessment Road Bonds due in annual installments of \$45,000 to \$50,000 through November 1, 2023; interest at 4.30% to 4.80% 925,000

\$160,000 Special Assessment Bonds due in annual installments of \$15,000 due April 1, 2005; interest at 4.25% 15,000

\$ 1,615,000

# TOWNSHIP OF ALAIEDON, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2004

### NOTE 7: LONG-TERM DEBT - Concluded

The annual requirements to amortize all debt outstanding, excluding employee benefits, at June 30, 2004, including interest of \$754,826, is as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION
2005	\$ 168,975
2006	149,740
2007	148,143
2008	142,546
2009	140,800
Thereafter	<u>1,619,622</u>
TOTAL	<u>\$ 2,369,826</u>

### NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of the interfund receivables and payables as of June 30, 2004:

DUE FROM		DUE TO	
Road Account	\$ 1,000	General	\$ 1,010
Trust and Agency	<u>10</u>		<u></u>
TOTAL	<u>\$ 1,010</u>	TOTAL	<u>\$ 1,010</u>

### NOTE 9: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for most risks of loss to which it is exposed.

### NOTE 10: BUILDING DEPARTMENT FUND BALANCE RESERVE

For June 30, 2004, the Township accounted for the building department activities in the general fund. The revenues and expenditures from July 1 to June 30, 2004 for the building department were as follows:

REVENUES	
Building permits	\$ <u>27,466</u>
EXPENDITURES	
Salaries	21,049
Travel	1,350
Supplies	5,674
Miscellaneous	<u>275</u>
	<u>28,348</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	( 882)
FUND BALANCE RESERVE FOR BUILDING DEPARTMENT, JULY 1	<u>29,559</u>
FUND BALANCE RESERVE FOR BUILDING DEPARTMENT, JUNE 30	<u>\$ 28,677</u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

**NOTE 11: LEASE PAYABLE**

During 2002, the Township entered into an agreement with the County of Ingham for constructing a water sewer system for the Township. The County sold bonds for \$1,980,000 to finance this project. The Township is paying the County as the bond principal and interest payments are due. Principal payments are \$100,000 to \$105,000 per year plus interest of 4.0% to 5.10%. The bonds are due in April, 2021. The Township is assessing the citizens for the next 20 years. The lease payable balance was \$1,780,000 as of June 30, 2004.

The future minimum lease payments (including interest of \$768,925) are as follows:

YEAR ENDING JUNE 30,	AMOUNT
2005	\$ 181,490
2006	182,490
2007	178,290
2008	174,090
2009	169,628
Thereafter	<u>1,662,937</u>
	<u>\$ 2,548,925</u>

**NOTE 12: FUND BALANCE/RETAINED EARNINGS RESERVES**

**FUND BALANCE**

General Fund	
Reserved for building department	\$ <u>28,677</u>
Debt Service Fund	
Reserved for debt service	\$ <u>388,600</u>
Capital Projects Funds	
Reserved for capital projects	\$ <u>151,429</u>

**RETAINED EARNINGS**

Enterprise Funds	
Reserved for debt service	\$ <u>1,734,899</u>

**NOTE 13: SEGMENT INFORMATION**

The Township of Alaiedon has one enterprise fund which provides water and sewer services to its residents. The following is additional segment information not disclosed in the general-purpose financial statements as of and for the year ended June 30, 2004.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
NOTES TO FINANCIAL STATEMENTS - Continued  
JUNE 30, 2004

NOTE 13:     **SEGMENT INFORMATION** - Concluded

Operating revenue	\$	
Operating income (loss)	(	42,646)
Net income (loss)	(	37,899)
Total assets		3,706,202
Property, plant and Equipment - net		1,951,042
Long-term liabilities		1,680,000
Total liabilities		1,800,261
Total equity		1,905,941
Net change in cash flows	(	16,764)
Net working capital		321,152

NOTE 14:     **PRIOR PERIOD ADJUSTMENT**

The following adjustment was made to correct the Enterprise fund retained earnings:

To record prior year special assessment receivable	\$	1,477,965
To remove prior year accounts payable		21,069
To restate prior year accrued interest	(	<u>21,256)</u>
		<u>\$ 1,477,778</u>

NOTE 15:     **FUND DEFICITS**

There were no funds with deficits for the year ended June 30, 2004.

NOTE 16:     **CONTRIBUTED CAPITAL**

Contributed Capital represents advance payments on special assessments from taxpayers. The contributed capital balance at June 30, 2004 is \$309,305.

## GENERAL FUND

The General Fund is used to account for resources traditionally associated with local government, and any other activity for which a special fund has not been created.

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**BALANCE SHEET**

**GENERAL FUND**

**JUNE 30, 2004**

**ASSETS**

Cash and cash equivalents	\$ 556,904
Investments	169,069
Due from other funds	1,010
Due from other governmental units	<u>34,704</u>
TOTAL ASSETS	<u><u>\$ 761,687</u></u>

**LIABILITIES AND FUND BALANCE**

Accounts payable	\$ 13,918
Accrued wages	<u>2,589</u>
TOTAL LIABILITIES	<u>16,507</u>

**FUND BALANCE**

Reserved-building department	(28,677)
Unreserved-undesignated	<u>773,857</u>
TOTAL FUND BALANCE	<u>745,180</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 761,687</u></u>
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**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHAGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 205,150	\$ 234,251	\$ 29,101
Licenses and permits	23,500	35,570	12,070
Intergovernmental-state	210,000	222,384	12,384
Charges for services	28,000	53,894	25,894
Interest	10,000	10,763	763
Other	11,500	44,297	32,797
TOTAL REVENUES	<u>488,150</u>	<u>601,159</u>	<u>113,009</u>
EXPENDITURES			
General government	368,063	231,465	136,598
Public safety	121,622	113,833	7,789
Public works	90,759	86,257	4,502
Other	54,517	53,335	1,182
TOTAL EXPENDITURES	<u>634,961</u>	<u>484,890</u>	<u>150,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(146,811)	116,269	263,080
FUND BALANCE, JULY 1	<u>628,911</u>	<u>628,911</u>	
FUND BALANCE, JUNE 30	<u>\$ 482,100</u>	<u>\$ 745,180</u>	<u>\$ 263,080</u>



**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT			
Supervisor			
Salaries	\$ 12,360	\$ 12,360	\$
Supplies	50	46	4
Mileage	1,200	1,200	
Miscellaneous	2,450	2,445	5
Total Supervisor	<u>16,060</u>	<u>16,051</u>	<u>9</u>
Trustee			
Salaries	<u>6,000</u>	<u>4,911</u>	<u>1,089</u>
Elections			
Salaries	5,000	1,536	3,464
Supplies	1,000	858	142
Printing and publishing	400	205	195
Total Elections	<u>6,400</u>	<u>2,599</u>	<u>3,801</u>
Assessing			
Salaries	24,000	25,900	(1,900)
Supplies	600		600
Reinspection requested by board	100		100
Total Assessing	<u>24,700</u>	<u>25,900</u>	<u>(1,200)</u>
Clerk			
Salaries	12,360	12,360	
Miscellaneous	200	60	140
Total Clerk	<u>12,560</u>	<u>12,420</u>	<u>140</u>
Treasurer			
Salaries	8,240	8,240	
Miscellaneous	200	50	150
Total Treasurer	<u>8,440</u>	<u>8,290</u>	<u>150</u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Continued**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>GENERAL GOVERNMENT - Concluded</b>			
Building and Grounds			
Salaries	\$ 19,000	\$ 16,269	\$ 2,731
Supplies	2,000	1,622	378
Repairs and maintenance	6,000	5,946	54
Fuel	3,430	2,864	566
Utilities	5,000	3,927	1,073
Capital outlay	3,000	1,389	1,611
Property and land improvements	5,000		5,000
Total Building and Grounds	<u>43,430</u>	<u>32,017</u>	<u>11,413</u>
Cemetery			
Salaries	19,873	18,229	1,644
Supplies	2,000	1,043	957
Repairs and maintenance	3,000	1,593	1,407
Travel	100	42	58
Fuel	1,000	712	288
Utilities	600	578	22
Capital outlay	3,000	1,725	1,275
Property and land improvements	88,000		88,000
Total Cemetery	<u>117,573</u>	<u>23,922</u>	<u>93,651</u>
Office			
Salaries	52,100	50,031	2,069
Supplies	3,000	2,871	129
Postage	5,000	4,082	918
Attorney fees	45,000	27,374	17,626
Audit fees	3,000	2,500	500
Travel	3,000	2,465	535
Tax expense	1,000	20	980
Legal notices	5,000	2,524	2,476
Equipment and maintenance	9,300	9,293	7
Printing	500	176	324
Township dues	3,500	3,038	462
Miscellaneous	1,000	231	769
Total Office	<u>131,400</u>	<u>104,605</u>	<u>26,795</u>
Board of Review			
Salaries	<u>1,500</u>	<u>750</u>	<u>750</u>
TOTAL GENERAL GOVERNMENT	<u>368,063</u>	<u>231,465</u>	<u>136,598</u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>PUBLIC SAFETY</b>			
Building Inspection			
Salaries	\$ 22,450	\$ 21,049	\$ 1,401
Travel	1,500	1,350	150
Supplies	600		600
Miscellaneous	7,414	5,949	1,465
Total Building Inspection	<u>31,964</u>	<u>28,348</u>	<u>3,616</u>
Planning Commission			
Salaries	8,000	1,930	6,070
Miscellaneous	2,000		2,000
Total Planning Commission	<u>10,000</u>	<u>1,930</u>	<u>8,070</u>
Zoning Board of Appeals			
Salaries	1,460	1,460	
Building Board of Appeals	300		300
Fire Prevention			
Fire runs	32,898	40,392	(7,494)
Stand by fees	45,000	41,703	3,297
Total Fire Prevention	<u>77,898</u>	<u>82,095</u>	<u>(4,197)</u>
TOTAL PUBLIC SAFETY	<u>121,622</u>	<u>113,833</u>	<u>7,789</u>
<b>PUBLIC WORKS</b>			
Road improvement	54,000	53,200	800
Plan review	2,500	88	2,412
Trash pickup	9,000	8,852	148
Ground water management	1,000		1,000
Street lights	10,000	9,858	142
Drain at large	14,259	14,259	
TOTAL PUBLIC WORKS	<u>90,759</u>	<u>86,257</u>	<u>4,502</u>
<b>OTHER</b>			
Township share of pension	4,700	4,511	189
Township share of FICA	11,500	11,173	327
Insurance - liability and bonding	13,538	13,538	
Insurance - health	21,000	20,908	92
Workers' compensation	3,500	2,926	574
Miscellaneous	279	279	
TOTAL OTHER	<u>54,517</u>	<u>53,335</u>	<u>1,182</u>
TOTAL EXPENDITURES	<u>\$ 634,961</u>	<u>\$ 484,890</u>	<u>\$ 150,071</u>

## SPECIAL REVENUE FUND

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

The Special Revenue Fund of the Township is: Mining Expendable Trust Fund.

TOWNSHIP OF ALAIEDON, MICHIGAN  
BALANCE SHEET  
SPECIAL REVENUE FUND  
JUNE 30, 2004

MINING  
EXPENDABLE  
TRUST  
FUND

ASSETS

Cash and cash equivalents	\$ <u>4,078</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deposits payable	\$ <u>3,000</u>
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FUND BALANCE

Unreserved	<u>1,078</u>
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TOTAL LIABILITIES AND  
FUND BALANCE

\$ <u>4,078</u>
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**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**MINING EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

REVENUES	
Interest	\$ 34
FUND BALANCE, JULY 1	<u>1,044</u>
FUND BALANCE, JUNE 30	<u><u>\$ 1,078</u></u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHAGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**MINING EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Interest	\$ <u>          </u>	\$ <u>          44</u>	\$ <u>          44</u>
EXPENDITURES	<u>                  </u>	<u>                  </u>	<u>                  </u>
EXCESS OF REVENUES OVER EXPENDITURES		44	44
FUND BALANCE, JULY 1	<u>          1,044</u>	<u>          1,044</u>	<u>                  </u>
FUND BALANCE, JUNE 30	\$ <u>          1,044</u>	\$ <u>          1,088</u>	\$ <u>          44</u>

## DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt other than that payable exclusively from revenue bonds issued for and serviced by a governmental enterprise.

The Township's Debt Service Funds are legal in nature. They are established in accordance with statutes and/or bond indentures. Their use enhances the attractiveness of bonds to prospective buyers resulting, possibly, in a lower rate of interest. Inclusion of Debt Service Fund provisions in the indenture indicates to the buyer that the timing of the acquisition of assets with which to satisfy maturing debt has been formalized and that a sophisticated administrative approach to servicing the debt will be followed.

The Township's Debt Service Funds include the Road Assessment Bonds, H&H Water Assessment Bonds and Fountain Pointe Road Assessment Bonds.



**TOWNSHIP OF ALAIEDON, MICHIGAN**

BALANCE SHEET

DEBT SERVICE FUND

JUNE 30, 2004

	ROAD ASSESSMENT BONDS	H & H WATER ASSESSMENT BONDS	FOUNTAIN POINTE ASSESSMENT BONDS	TOTALS
ASSETS				
Cash and cash equivalents	\$ 24,774	\$ 123,426	\$ 246,832	\$ 395,032
Special assessments receivable	<u>6,841</u>	<u>575,199</u>	<u>714,638</u>	<u>1,296,678</u>
TOTALS ASSETS	<u><u>\$ 31,615</u></u>	<u><u>\$ 698,625</u></u>	<u><u>\$ 961,470</u></u>	<u><u>\$ 1,691,710</u></u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Deferred revenue	\$ <u>13,273</u>	\$ <u>575,199</u>	\$ <u>714,638</u>	\$ <u>1,303,110</u>
FUND BALANCE				
Reserved for debt service	<u>18,342</u>	<u>123,426</u>	<u>246,832</u>	<u>388,600</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 31,615</u></u>	<u><u>\$ 698,625</u></u>	<u><u>\$ 961,470</u></u>	<u><u>\$ 1,691,710</u></u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	ROAD ASSESSMENT BONDS	H&H WATER ASSESSMENT BONDS	FOUNTAIN POINTE ASSESSMENT BONDS	TOTALS
REVENUES				
Special assessments	\$ 13,632	\$ 137,132	\$ 266,812	\$ 417,576
Interest	<u>329</u>	<u>508</u>	<u>849</u>	<u>1,686</u>
TOTAL REVENUES	<u>13,961</u>	<u>137,640</u>	<u>267,661</u>	<u>419,262</u>
EXPENDITURES				
Other			225	225
Debt Service				
Principal	20,000			20,000
Interest	<u>1,488</u>	<u>30,875</u>	<u>43,109</u>	<u>75,472</u>
TOTAL EXPENDITURES	<u>21,488</u>	<u>30,875</u>	<u>43,334</u>	<u>95,697</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(7,527)	106,765	224,327	323,565
FUND BALANCE, JULY 1	<u>25,869</u>	<u>16,661</u>	<u>22,505</u>	<u>65,035</u>
FUND BALANCE, JUNE 30	<u>\$ 18,342</u>	<u>\$ 123,426</u>	<u>\$ 246,832</u>	<u>\$ 388,600</u>

## CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources to acquire assets of a relatively permanent nature. These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of capital projects funds revenue that their requirements regarding the use of the revenue were fully satisfied.

The Township's Capital Projects Funds include the Road Account and the Water and Sewer Assessment, H&H Water Assessment, and Fountain Pointe Road Assessment.

**TOWNSHIP OF ALAIEDON, MICHIGAN**

**COMBINING BALANCE SHEET**

**CAPITAL PROJECTS FUNDS**

JUNE 30, 2004

	ROAD ACCOUNT	WATER AND SEWER ASSESSMENT	H & H WATER ASSESSMENT	FOUNTAIN POINTE ROAD ASSESSMENT	TOTAL
<b>ASSETS</b>					
Cash and cash equivalents	\$ <u>7,242</u>	\$ <u>2,967</u>	\$ <u>29,050</u>	\$ <u>113,170</u>	\$ <u>152,429</u>
<b>LIABILITIES</b>					
Due to general fund	\$ <u>1,000</u>	\$ _____	\$ _____	\$ _____	\$ <u>1,000</u>
<b>FUND BALANCE</b>					
Unreserved - undesignated	6,242				6,242
Reserved for capital projects	<u>        </u>	<u>2,967</u>	<u>29,050</u>	<u>113,170</u>	<u>145,187</u>
<b>TOTAL FUND BALANCE</b>	<u>6,242</u>	<u>2,967</u>	<u>29,050</u>	<u>113,170</u>	<u>151,429</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ <u>7,242</u>	\$ <u>2,967</u>	\$ <u>29,050</u>	\$ <u>113,170</u>	\$ <u>152,429</u>

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**CAPTIAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	ROAD ACCOUNT	WATER AND SEWER ASSESSMENT	H & H WATER ASSESSMENT	FOUNTAIN POINTE ROAD ASSESEMENT	TOTAL
REVENUES					
Interest	\$ <u>16</u>	\$ <u>25</u>	\$ <u>283</u>	\$ <u>2,052</u>	\$ <u>2,376</u>
EXPENDITURES					
Public works	<u></u>	<u></u>	<u>750</u>	<u>270,482</u>	<u>271,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16	25	(467)	(268,430)	(268,856)
FUND BALANCE, JULY 1	<u>6,226</u>	<u>2,942</u>	<u>29,517</u>	<u>381,600</u>	<u>420,285</u>
FUND BALANCE, JUNE 30	\$ <u><u>6,242</u></u>	\$ <u><u>2,967</u></u>	\$ <u><u>29,050</u></u>	\$ <u><u>113,170</u></u>	\$ <u><u>151,429</u></u>

## ENTERPRISE FUND

The Enterprise Fund is used for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Township Board is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Township Board has decided that periodic determination of net income is appropriate for accountability purposes.

**WATER AND SEWER SPECIAL ASSESSMENT FUND** Provides portable water for domestic, commercial and fire protection uses as well as sewage collection and treatment systems to treat and dispose of wastewater.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**BALANCE SHEET**  
**WATER AND SEWER SPECIAL ASSESSMENT FUND**  
**JUNE 30, 2004**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 359,304
Special assessment receivable-current	<u>82,109</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>441,413</b></u>

**PROPERTY AND EQUIPMENT**

Less: accumulated depreciation	<u>2,001,069</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u><b>(50,027)</b></u>
	<u><b>1,951,042</b></u>

**OTHER ASSETS**

Special assessment receivable	<u>1,313,747</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,706,202</b></u>

**LIABILITIES**

**CURRENT LIABILITIES**

Accrued interest payable	\$ 20,261
Lease payable	<u>100,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>120,261</b></u>

**NONCURRENT LIABILITIES**

Lease payable	<u>1,680,000</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,800,261</b></u>

**FUND EQUITY**

Contributed capital	
Taxpayers	<u>309,305</u>

**RETAINED EARNINGS**

Reserved for debt service	<u>1,596,636</u>
<b>TOTAL FUND EQUITY</b>	<u><b>1,905,941</b></u>

<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><b>\$ 3,706,202</b></u>
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**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**WATER AND SEWER SPECIAL ASSESSEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES	
Special assessment	\$ _____
TOTAL REVENUES	_____
EXPENDITURES	
Depreciation	40,021
Miscellaneous	2,625
TOTAL EXPENDITURES	<u>42,646</u>
OPERATING LOSS	<u>(42,646)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest on special assessments	85,680
Interest on investments	3,563
Interest and fiscal charges	<u>(84,495)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,747</u>
NET LOSS	(37,899)
RETAINED EARNINGS, JULY 1	156,757
PRIOR PERIOD ADJUSTMENT	<u>1,477,778</u>
RETAINED EARNINGS, JUNE 30	\$ <u><u>1,596,636</u></u>



**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**WATER AND SEWER SPECIAL ASSESSMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net loss before transfers	\$ (42,646)
Prior period adjustment	1,477,778
Adjustment to reconcile net income to net cash provided by operating activities	
Depreciation	40,021
(Increase)decrease in current assets	
Special assessment receivable	(1,395,856)
Increase(decrease) in current liabilities	
Accounts payable-Due to County	(21,069)
Accrued interest payable	20,261
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>78,489</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments	(100,000)
Interest and financial charges paid	<u>(84,495)</u>
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(184,495)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipt of special assessment interest	85,680
Receipt of interest and dividends	<u>3,562</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>89,242</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(16,764)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>376,068</u>
<b>CASH AND CASH EQUIVALENTS , JUNE 30</b>	<u><u>\$ 359,304</u></u>

## FIDUCIARY FUNDS

### AGENCY FUNDS

Agency Funds are used to account for assets held by the Township as an agent for individuals, other governments, and funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

### TRUST FUNDS

Trust Funds are used to account for assets held by the Township in a trustee capacity for individuals and other local units. Expendable Trust Funds are generally limited to instances where a formal legal trustee relationship exists and the principal and interest may be expended in the course of their designated operations.

The Township Fiduciary Funds include the Mining Expendable Trust, Trust and Agency and the Current Tax.

**TOWNSHIP OF ALAIEDON, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2004**

	AGENCY FUNDS		
	TRUST AND AGENCY	CURRENT TAX	TOTAL
ASSETS			
Cash and cash equivalents	\$ <u>10</u>	\$ <u>          </u>	\$ <u>10</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Deposits payable	\$ <u>10</u>	\$ <u>          </u>	\$ <u>10</u>
Due to general fund	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>10</u>	<u>          </u>	<u>10</u>
FUND BALANCE			
Unreserved- undesignated	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>10</u>	\$ <u>          </u>	\$ <u>10</u>



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Township Board  
Township of Alaiedon  
Mason, Michigan

We have audited the general purpose financial statements of the Township of Alaiedon, Michigan, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 11, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Alaiedon Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

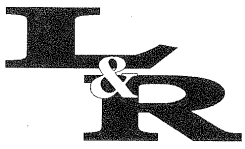
In planning and performing our audit, we considered Alaiedon Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Township Board, management, and State and Federal Agencies. However, this report is a matter of public record and its distribution is not limited.

*Layton & Richardson, P.C.*

*Certified Public Accountant*

East Lansing, Michigan  
October 11, 2004



## LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board  
Township of Alaiedon  
Mason, Michigan

We have examined the financial statements of the Township of Alaiedon, Michigan, for the year ended June 30, 2004, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Alaiedon. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Alaiedon is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our tests of the internal control procedures included evaluations of randomly selected samples of transactions from payroll, cash disbursements and cash receipts. Although we did not observe any material errors or weaknesses in accounting or financial management, the following recommendations are intended to improve the efficiency and effectiveness of control procedures:

### PRIOR YEAR RECOMMENDATIONS

We made the following recommendations concerning internal control weaknesses during prior year's audits:

#### FIXED ASSETS

We noted during the audit that the Township does not have a current list of fixed assets. We recommend that a complete schedule of fixed assets be kept and updated for any additions or disposals. This will provide better accountability over fixed assets. **Management response: This was compiled for GASB 34 implementation, however, balances prior to June 30, 1997 need to be further investigated.**

## PRIOR YEAR RECOMMENDATIONS - Concluded

### CASH DISBURSEMENT PROCEDURES

During the audit, we noted some of the invoices were not properly cancelled after payment. We recommend that every invoice be properly cancelled when paid to avoid any duplicate payments. **This recommendation has been implemented.**

### CASH PROCEDURES

During the audit, we noted that the same person that prepares the monthly bank reconciliation also handles cash disbursements and cash receipt procedures. We recommend that the Township Treasurer receive and approve all bank statements and cancelled checks before returning for reconciliation. This will provide better controls over cash functions. **This recommendation has not been implemented.**

### TOWNSHIP BOARD MINUTES

We noted that most of the Township Board meeting minutes were not signed. We recommend that all Township meeting minutes be signed prior to being filed into the minutes book. **This recommendation has been implemented.**

### CURRENT TAX FUND

During the audit, we noted that the current tax fund and trust and agency fund had some general ledger accounts that were not being reconciled. We recommend that all accounts in the current tax fund and trust and agency fund be reconciled by someone independent of the accounting for this fund. This will provide a reconciliation of tax monies and help to ensure that they are recorded properly. **This recommendation has not been implemented.**

## CURRENT YEAR RECOMMENDATIONS

### CASH DISBURSEMENTS

During the audit, we noted some outstanding checks that have been outstanding for some time. We recommend that when preparing the bank reconciliation, all outstanding checks over 90 days old be investigated.

### PAYROLL

During the audit, we noted an employee's withholding had been changed to an amount not equal to the amount calculated by the computer. We recommend that when an employee changes their withholding, a revised W-4 be completed.

We are grateful to the Township employees for their assistance and cooperation extended to us during the audit.

Very truly yours,



*Certified Public Accountants*